

102 - Dept of Financial Institutions

A001 Agency Management and Administrative Services

The Administration Division provides administrative and technical services for the Department of Financial Institutions. Activities include policy and legal advice; communications; human resources, financial and budgeting services; and information systems. The activities provide the support and framework to effectively carry out the department's mission.

| | FY 2006 | FY 2007 | Biennial Total |
|-------|-------------|-------------|----------------|
| FTE's | 28.0 | 27.0 | 27.5 |
| GFS | \$0 | \$0 | \$0 |
| Other | \$2,768,000 | \$4,183,000 | \$6,951,000 |
| Total | \$2,768,000 | \$4,183,000 | \$6,951,000 |

Statewide Result Area: Improve the economic vitality of businesses and individuals

Statewide Strategy: Flexible regulation

A002 Chartering, Licensing and Registration

The Department of Financial Institutions evaluates and approves for banks and credit unions: new applications, mergers, conversions, branches, and corporate governance changes. The department also conducts licensing, registration, and exemption activities for the following financial entities and persons: broker dealers, broker dealer representatives, investment advisers, investment adviser representatives, securities issuers, franchises, franchise brokers, business opportunities, escrow agents, escrow officers, mortgage brokers, check cashers and sellers (payday lenders), money transmitters, currency exchangers, and consumer loan companies.

| | FY 2006 | FY 2007 | Biennial Total |
|-------|-------------|-------------|----------------|
| FTE's | 25.4 | 25.5 | 25.5 |
| GFS | \$0 | \$0 | \$0 |
| Other | \$2,422,000 | \$2,603,000 | \$5,025,000 |
| Total | \$2,422,000 | \$2,603,000 | \$5,025,000 |

Statewide Result Area: Improve the economic vitality of businesses and individuals

Statewide Strategy: Flexible regulation

Expected Results

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Average number of business days to process and issue a license. | | | | |
|---|---------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | 8th Qtr | 5 | | |
| | 7th Qtr | 5 | | |
| | 6th Qtr | 5 | | |
| | 5th Qtr | 5 | | |
| | 4th Qtr | 5 | | |
| | 3rd Qtr | 5 | | |
| | 2nd Qtr | 5 | | |
| | 1st Qtr | 5 | 2 | (3) |
| <i>Respond in a timely manner to licensing and registration applications. 5203.</i> | | | | |

| Number of business days for final processing of a new small business application. | | | | |
|---|--------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | FY2007 | 30 | | |
| 2005-07 | FY2007 | 30 | | |
| | FY2006 | 30 | | |
| 2005-07 | FY2006 | 30 | | |
| <i>5202 Division of Consumer Services Average of 30 Business Days Objective: Respond in a timely manner to licensing and registration applications.</i> | | | | |

| Turnaround time for initial response to applicants for new small business license and registration applications. | | | | |
|--|--------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | FY2007 | 10 | | |
| | FY2006 | 10 | | |
| <i>4201 Division of Securities Average of 10 Business Days Objective: Respond in a timely manner to licensing and registration applications.</i> | | | | |

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Turnaround time in calendar days for initial response to securities and franchise registration applicants. | | | | |
|--|---------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | 8th Qtr | 20 | | |
| | 7th Qtr | 20 | | |
| | 6th Qtr | 20 | | |
| | 5th Qtr | 20 | | |
| | 4th Qtr | 20 | | |
| | 3rd Qtr | 20 | | |
| | 2nd Qtr | 20 | | |
| | 1st Qtr | 20 | 8.9 | (11.1) |
| Respond in a timely manner to licensing and registration applications. | | | | |

A003 Education and Public Outreach

The department conducts consumer education and stakeholder outreach activities and provides technical assistance and regulatory guidance to banks, credit unions, securities and consumer lending industry participants. Activities may include, but are not limited to: presentations, town meetings, press conferences, technical assistance, advisory letters and bulletins, addressing consumer concerns, and all other related activities that provide education and information to assist consumers and other stakeholders.

| | FY 2006 | FY 2007 | Biennial Total |
|-------|-----------|-----------|----------------|
| FTE's | 4.2 | 5.2 | 4.7 |
| GFS | \$0 | \$0 | \$0 |
| Other | \$477,000 | \$456,000 | \$933,000 |
| Total | \$477,000 | \$456,000 | \$933,000 |

Statewide Result Area: Improve the economic vitality of businesses and individuals

Statewide Strategy: Flexible regulation

Expected Results

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Percentage of consumers who rate Department of Financial Institutions outreach program and materials as helpful. | | | | |
|--|---------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | 8th Qtr | 85% | | |
| | 7th Qtr | 85% | | |
| | 6th Qtr | 85% | | |
| | 5th Qtr | 85% | | |
| | 4th Qtr | 80% | | |
| | 3rd Qtr | 80% | | |
| | 2nd Qtr | 80% | | |
| | 1st Qtr | 80% | 88% | 8% |
| <i>Expand consumer education/outreach and raise awareness of Department of Financial Institutions.</i> | | | | |

A004 Enforcement

The department conducts various types of supervisory, surveillance, and enforcement activities to detect and take corrective action for violations of the regulatory and anti-fraud statutes applicable to financial institutions. Activities include: complaint processing, investigation, and appropriate action against securities issuers and brokers, investment advisers, mortgage brokers, check cashers and sellers (payday lenders), money transmitters, currency exchangers, consumer loan companies and escrow agents; and investigation and appropriate actions against banks and credit unions. Coordination and assistance to other law enforcement agencies and prosecutors, and providing testimony in courts of law are additional activities associated with enforcement.

| | FY 2006 | FY 2007 | Biennial Total |
|-------|-------------|-------------|----------------|
| FTE's | 36.4 | 35.4 | 35.9 |
| GFS | \$0 | \$0 | \$0 |
| Other | \$4,300,000 | \$4,405,000 | \$8,705,000 |
| Total | \$4,300,000 | \$4,405,000 | \$8,705,000 |

Statewide Result Area: Improve the economic vitality of businesses and individuals

Statewide Strategy: Provide consumer protection

Expected Results

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Average number of business days to assess, investigate, and resolve consumer complaints. | | | | |
|---|---------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | 8th Qtr | 120 | | |
| | 7th Qtr | 120 | | |
| | 6th Qtr | 120 | | |
| | 5th Qtr | 120 | | |
| | 4th Qtr | 120 | | |
| | 3rd Qtr | 120 | | |
| | 2nd Qtr | 120 | | |
| | 1st Qtr | 120 | 135 | 15 |
| <i>Enhance protection for consumers engaging in investments and other financial transactions.</i> | | | | |

| Number of enforcement actions taken per year. | | | | |
|---|---------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | 8th Qtr | 200 | | |
| | 4th Qtr | 200 | | |
| | 1st Qtr | 0 | 44 | 44 |
| <i>Enhance protection for consumers engaging in investments and other financial transactions.</i> | | | | |

A005 Examinations

The department performs several types of examinations. The three primary examinations are: (1) Compliance and for-cause examinations of securities broker dealers, mortgage brokers, mortgage broker dealers, investment advisers, escrow agents, escrow officers, debenture companies, check cashers and sellers (payday lenders), consumer loan companies, money transmitters, and currency exchangers; (2) Safety and soundness examinations of banks, credit unions, debenture companies, money transmitters, trust companies, Small Business Association (SBA) lenders, and industrial development corporations; and (3) Information system examinations of banks and credit unions.

| | FY 2006 | FY 2007 | Biennial Total |
|-------|-------------|-------------|----------------|
| FTE's | 75.7 | 75.1 | 75.4 |
| GFS | \$0 | \$0 | \$0 |
| Other | \$8,336,000 | \$8,774,000 | \$17,110,000 |
| Total | \$8,336,000 | \$8,774,000 | \$17,110,000 |

Statewide Result Area: Improve the economic vitality of businesses and individuals
Statewide Strategy: Flexible regulation

Expected Results

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Average number of days to complete an examination report. | | | | |
|--|--------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | FY2007 | 30 | | |
| 2005-07 | FY2007 | 30 | | |
| | FY2006 | 30 | | |
| 2005-07 | FY2006 | 30 | | |
| 3502 Division of Credit Unions 30 Calendar Days Objective: Conduct efficient and effective examinations to deliver timely and useful information to agency management and regulated entities. | | | | |

| Number of examinations conducted. | | | | |
|--|--------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | FY2007 | 220 | | |
| | FY2006 | 200 | | |
| 5501 Division of Consumer Services Objective: Conduct efficient and effective examinations to deliver timely and useful information to agency management and regulated entities. | | | | |

| Percentage of banking assets held at institutions with satisfactory ratings. | | | | |
|--|---------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | 8th Qtr | 95% | | |
| | 7th Qtr | 95% | | |
| | 6th Qtr | 95% | | |
| | 5th Qtr | 95% | | |
| | 4th Qtr | 95% | | |
| | 3rd Qtr | 95% | | |
| | 2nd Qtr | 95% | | |
| | 1st Qtr | 95% | 94% | (1)% |
| Return problem institutions to a safe and sound condition. | | | | |

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Percentage of banks with satisfactory examination ratings. | | | | |
|--|---------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | 8th Qtr | 90% | | |
| | 7th Qtr | 90% | | |
| | 6th Qtr | 90% | | |
| | 5th Qtr | 90% | | |
| | 4th Qtr | 90% | | |
| | 3rd Qtr | 90% | | |
| | 2nd Qtr | 90% | | |
| | 1st Qtr | 90% | 91% | 1% |
| Return problem institutions to a safe and sound condition. | | | | |

| Percentage of credit union assets held at institutions with satisfactory ratings. | | | | |
|---|---------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | 8th Qtr | 95% | | |
| | 7th Qtr | 95% | | |
| | 6th Qtr | 95% | | |
| | 5th Qtr | 95% | | |
| | 4th Qtr | 95% | | |
| | 3rd Qtr | 95% | | |
| | 2nd Qtr | 95% | | |
| | 1st Qtr | 95% | 98% | 3% |
| Return problem institutions to a safe and sound condition. | | | | |

| Percentage of credit unions with satisfactory examination ratings. | | | | |
|--|---------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | 8th Qtr | 80% | | |
| | 7th Qtr | 80% | | |
| | 6th Qtr | 80% | | |
| | 5th Qtr | 80% | | |
| | 4th Qtr | 80% | | |
| | 3rd Qtr | 80% | | |
| | 2nd Qtr | 80% | | |
| | 1st Qtr | 80% | 83% | 3% |
| Return problem institutions to a safe and sound condition. | | | | |

Appropriation Period: 2005-07 Activity Version: 51 - 2006 Governor's Proposed Supplement

| Percentage of financial institutions with satisfactory examination ratings. | | | | |
|--|--------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | FY2007 | 80% | | |
| | FY2006 | 80% | | |
| <i>3504 Division of Credit Unions Objective: Maintain a regulatory environment that identifies and resolves excessive risk, yet is hospitable to financial institutions' viability, competitiveness, and growth.</i> | | | | |

| Percentage of institutions restored to a satisfactory condition from prior year's unsatisfactory rating. | | | | |
|---|--------|--------|--------|----------|
| Biennium | Period | Target | Actual | Variance |
| 2005-07 | FY2007 | 25% | | |
| | FY2006 | 30% | | |
| 2005-07 | FY2007 | 30% | | |
| | FY2006 | 25% | | |
| <i>3503 Division of Credit Unions Objective: Return problem institutions to a safe and sound condition.</i> | | | | |

ZZZX Other Statewide Adjustments

This item reflects proposed compensation and other adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.

| | FY 2006 | FY 2007 | Biennial Total |
|-------|-----------|-----------|----------------|
| FTE's | 0.0 | 0.0 | 0.0 |
| GFS | \$0 | \$0 | \$0 |
| Other | \$(1,000) | \$111,000 | \$110,000 |
| Total | \$(1,000) | \$111,000 | \$110,000 |

Statewide Result Area: Strengthen the ability of state government to achieve results efficiently and effectively

Statewide Strategy: Human resources support for government agencies

Grand Total

| | FY 2006 | FY 2007 | Biennial Total |
|-------|--------------|--------------|----------------|
| FTE's | 169.7 | 168.2 | 169.0 |
| GFS | \$0 | \$0 | \$0 |
| Other | \$18,302,000 | \$20,532,000 | \$38,834,000 |
| Total | \$18,302,000 | \$20,532,000 | \$38,834,000 |